

~~CONFIDENTIAL~~

Interviewee: Country Team, Embassy Islamabad

Date: October 26, 2003

Location: US Embassy, Islamabad

Participants: Commission delegation and US Embassy team

Drafted by: Zelikow

Charge Monroe led off the briefing by reviewing the mission's major priorities:

1. Counter-terrorism.

This is #1.

9/11 Classified Information

2. Regional stability

During 2002 the mission had concentrated on the India-Pakistan conflict and the challenge of averting a war. During the last eight months that threat has declined, while concerns about the future of Afghanistan have moved into the foreground.

3. Economic development

The priorities are education, health, and "governance." A confusing welter of dollar numbers then followed to describe the level of aid. What emerges is that the US has made a commitment to make a large increase in the scale of development assistance to Pakistan, in both grants and loans. This includes major assistance in debt relief. State hopes the FY 05 budget will start a program of \$3 billion in development assistance spread over five years.

4. Consular issues

5. Security of Americans

Americans are currently not allowed to bring their families to any of the posts in Pakistan. They are limited in where they can travel, and how they travel. (Comment:

9/11 Classified Information

Since such unaccompanied hardship tours are only a year long, and include two opportunities to go back to the States for R & R, there are frequent gaps in filling slots, assigned personnel are often home, and few people have been in country very long.

9/11 Classified Information

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

[REDACTED]

6. Democracy and human rights.

Turning to questions from staff, the acting econ counselor said the macro numbers had improved. Musharraf had insisted that the new government installed after the fall 2002 elections leave in place the finance minister (Shaukat Aziz) and his team. Pakistan had been nearly bankrupt in 1999. A great deal of debt had now been reduced or rescheduled. The debt load had gone from 100% to 87% of GDP. Inflation was low; growth was solid.

Pakistan still cannot attract much foreign direct investment. Key problems are a weak court system that cannot adequately protect property rights, poor performance on IPR issues, and the security environment for Westerners.

Worse still was the persistent and tremendous poverty in the country. It is rumored that 120 families control 90% of the wealth in the country. Land redistribution is not on the political agenda. Per capita income is \$412. The literacy rate is 40%. Since the Pakistani people have so many natural gifts, and the country's underlying institutions have such potential, this is a case where the whole is much less than the sum of its parts.

Asked what the concrete objectives were for improving education, the USAID mission director said one key metric for success would be to raise female literacy rates from 30% to 50% within 10 years. Much of the problem may have to be solved through strengthening private schools.

On consular matters, the consul general said that the nonimmigrant visa (NIV) refusal rate is now 55%. It might be higher, but the fees for a visa were now \$100 and many people were no longer even bothering to apply. The backlog was such that it took about two months for a visa applicant to get an interview. It then took another 30-45 days after the interview to get clearance for issuance of a visa.

There was a backlash from this process, of course, especially among the elite. Though the post had made headway on expediting student visas, many Pakistani students who could choose were choosing higher education options outside of the United States. The mission hopes the Commission will make some suggestions about how to strike an appropriate balance in handling foreign visitors to the United States.

Asked what the current government wants to accomplish, beyond the defense and foreign policy sphere, emphasis was placed on economic stability, controlling corruption, sustaining some kind of democratic transition, and developing moderate Islam. A litmus test for the agenda on Islam would be the registration of madrassas. Here progress was disappointing, perhaps due to the strength of the Muslim parties in the national assembly. Also, the madrassas were often the only available schools in rural areas [REDACTED]

[REDACTED]

~~CONFIDENTIAL~~

9/11 Classified Information